

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-342-G - ORDER NO. 94-805✓
AUGUST 12, 1994

IN RE: Application of South Carolina Electric &)	ORDER
Gas Company for Approval of Weather)	BIFURCATING
Normalization Adjustment and for Elimina-)	HEARING
tion of Certain Rate Schedules.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the July 27, 1994 Petition for Declaratory Order filed by the Commission Staff pursuant to R.103-836. The Commission concluded that oral arguments would clarify the issues in the matter, and such arguments were held on August 11, 1994 at 10:30 a.m. in the Commission's offices with the Honorable Rudolph Mitchell, presiding. F. David Butler, General Counsel, represented the Petitioner, Commission Staff; Belton T. Zeigler, Esquire, represented the Applicant, South Carolina Electric & Gas Company (SCE&G or the Company); and Elliott F. Elam, Jr., Esquire, and Nancy V. Coombs, Esquire, represented the Respondent, Consumer Advocate for the State of South Carolina (the Consumer Advocate).

The Commission Staff related the history of the Weather Normalization Adjustment (WNA) granted by this Commission in Order No. 91-971, dated November 1, 1991. Although rate of return was covered in a stipulation entered into by the parties prior to this

Order, Staff argues that rate of return on equity is only partially related to the WNA, and that the issue of rate of return on equity as propounded by the Consumer Advocate should be severed from consideration by this Commission as to whether or not the WNA should be made permanent for SCE&G. The Applicant, SCE&G agrees with the Staff, and argues that the present proceeding is only to consider whether or not to make WNA permanent.

The Consumer Advocate, however, argues that the WNA reduces business risk to the Company, and business and economic conditions have changed since the November 1, 1991 Order. The Consumer Advocate argues, therefore, that the rate of return on equity should be adjusted downward at the same time that the Commission considers whether or not to make the WNA permanent.

The Commission has examined this matter, and believes that the Staff's Petition for Declaratory Order should be denied. Clearly, the rate of return issue has been present in this Docket from its inception, however, in order to expedite the matter at the present time, we believe that this proceeding should be bifurcated. The WNA issue shall therefore be heard as scheduled. A separate hearing on the rate of return issue shall thereafter be scheduled as soon as is practical. We believe that this is a reasonable balance between expediting consideration of approval of the WNA, and a consideration of the possible effects of the WNA on

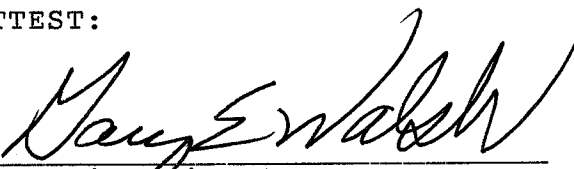
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the rate of return on equity. This Order shall remain in full
force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director

(SEAL)